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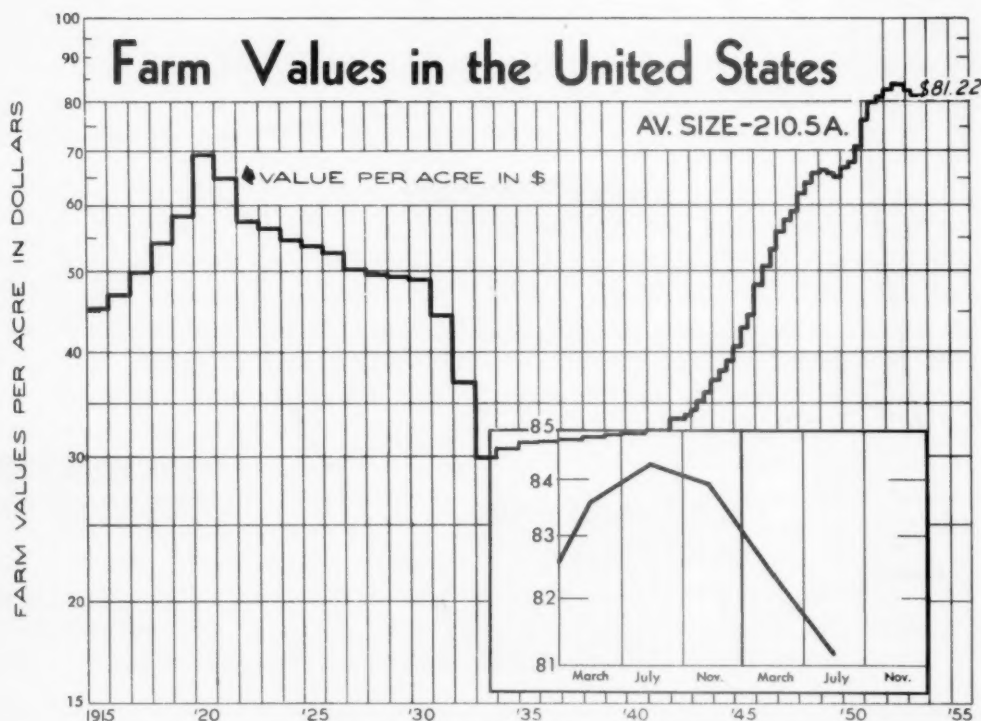
Number 39

FARM VALUES DECLINING IN MOST PARTS OF THE UNITED STATES

THE new figures have just been released by the Bureau of Agricultural Economics on farm values by States. These figures have been tied into our dollar land value series going back to 1915, and are reproduced on pages 357 through 362. The average figures for the United States as a whole are shown on the chart below. It will be noticed on this chart that values reached their peak in July of 1952, with a drop in November, a further drop in March, and a still further drop in July of 1953.

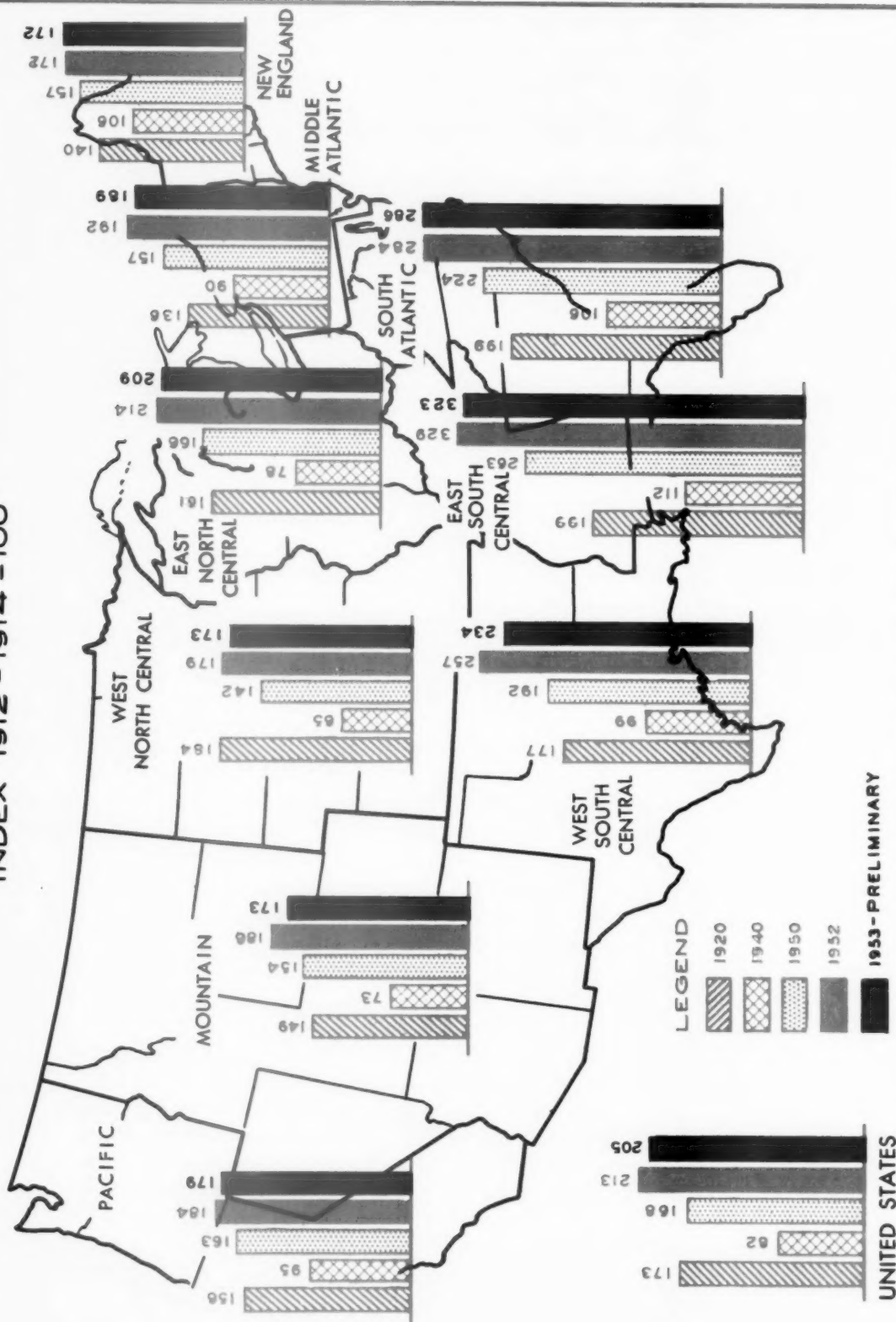
The map on page 354 shows farm land values for four periods in the past by regions in comparison with the values of July 1953. Only in the South Atlantic Region did the average for July of this year exceed the figure for 1952. The New England Region remained the same, and the other regions of the country showed a drop.

(cont. on page 355)



FARM REAL ESTATE VALUES IN THE UNITED STATES BY REGIONS

INDEX 1912 - 1914 = 100



FARM VALUES DECLINING IN MOST PARTS OF THE UNITED STATES

(cont. from page 353)

Nationally, farm land values showed a drop of 3.75% in comparison with July of 1952. The West South Central Region, which includes Texas, Oklahoma, Arkansas, and Louisiana, had the largest drop, averaging 9%, while the Mountain States Region, which includes Arizona, New Mexico, Utah, Colorado, Idaho, Wyoming, Montana, and Nevada, had the second largest drop, a drop of 7%.

A study of individual States shows that the poorest showing was made by Texas, followed closely by Colorado and New Mexico. Undoubtedly the drought entered into this poor showing, but it was not entirely to blame. The table on page 356 shows the relative change in farm values per acre by States from July 1952 to July 1953. Of the 48 States, only 13 showed higher values in July of this year than they did a year ago; 5 showed no change, while 30 showed a drop ranging from 1% in Pennsylvania and Vermont to 10.7% in Texas. The largest percentage increase of any State was shown by Alabama, with an increase of 4.4% during the past year. This was almost equaled by North Dakota, with an increase of 4.3%.

The charts showing farm values by States from 1915 to the present each contain an insert showing in greater detail the changes during the past 2 years.

In using these figures on average values per acre, it should be kept in mind that these figures include the values of farm buildings, and that this increases the value per acre in States with small farms. For example, \$5,000 worth of buildings on a 100-acre farm will increase the value per acre by \$50, while the same buildings on a 1,000-acre farm will increase the average value by only \$5 per acre. This is one of the reasons why the highest values per acre continue to be found in New Jersey, Connecticut, Massachusetts, and Rhode Island. Another reason for the high values in these particular States is the proximity to high-density markets, which means that the larger percentage of farm land is used for truck gardening and other intensive crops.

In studying the State-by-State charts, it is rather interesting to note that in four States - Colorado, Idaho, Nevada, and Oregon - the peak of farm values per acre was reached in the figures for November 1951. In one State - Missouri - the peak was reached in March of 1952. In 10 States the peak was reached in July of 1952, at the same time that the peak was reached on average farm values in the United States. These 10 States are Arkansas, Kentucky, Massachusetts, Minnesota, New Mexico, Ohio, Oklahoma, South Dakota, Texas, and West Virginia. In 12 States the peak was reached in November of 1952. These States are Arizona, California, Illinois, Iowa, Louisiana, Montana, Nebraska, New York, Pennsylvania, Utah, Vermont, and Washington. In 10 States the peak in farm values per acre was reached in March of 1953. These States are Alabama, Connecticut, Florida, Indiana, Mississippi, North Carolina, South Carolina, Tennessee, Wisconsin, and Wyoming. In 11 States the figures for July 1953 are a new high. These States are Delaware, Georgia, Kansas, Maine, Maryland, Michigan, New Hampshire, New Jersey, North Dakota, Rhode Island, and Virginia.

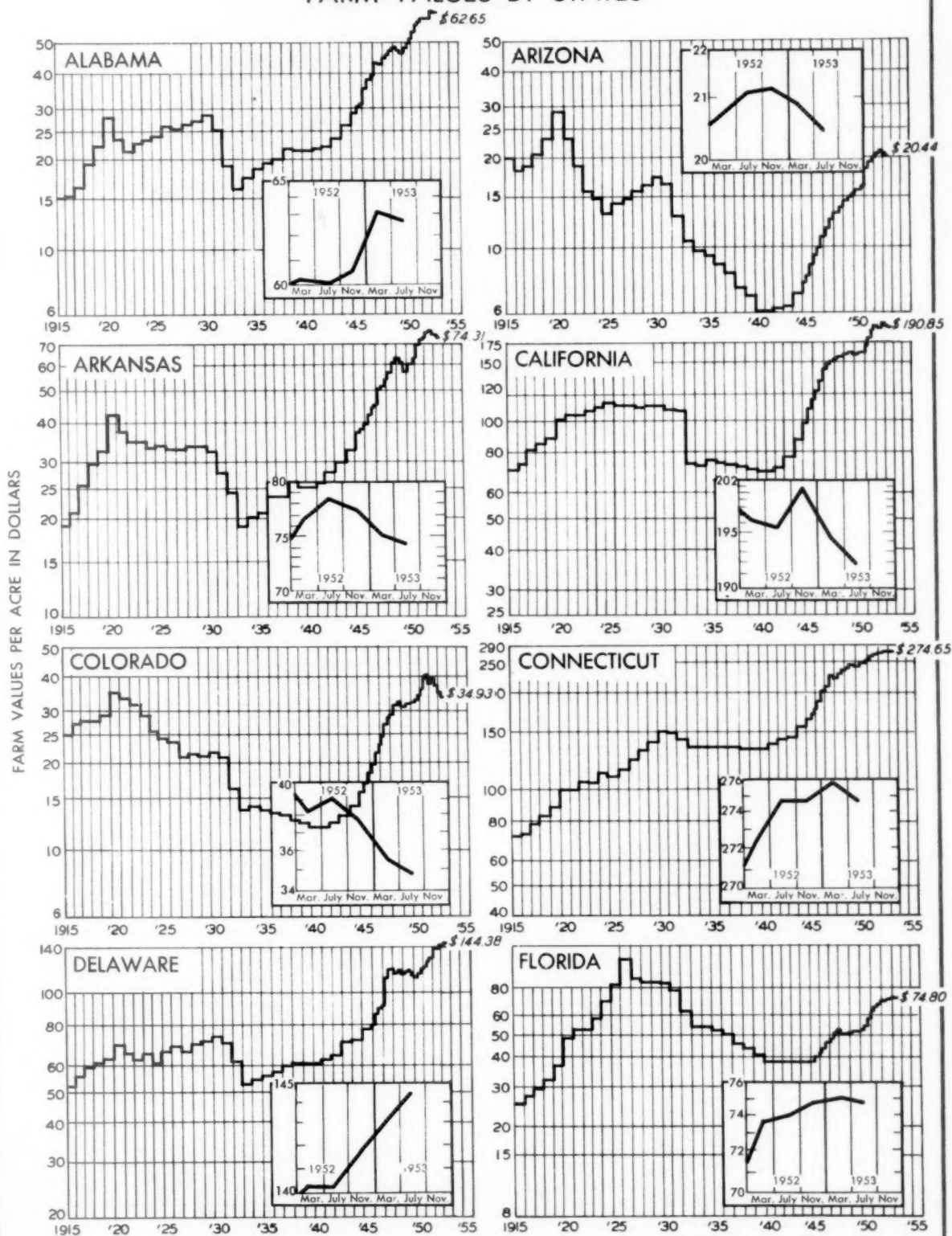
The national averages on average farm values per acre and the figures on at least 27 States (and probably 37) would seem to indicate that the peak of land values on farm lands is past, and that for at least the immediate future we can expect some further weakening of values. Should a new round of inflation, however, take hold of the economy, there is very little doubt that farm lands would start to rise again and would probably reach peaks higher than those we have seen thus far.

The trend in the average price per acre of farm lands has been different than it has been in urban property. This was true in the twenties, and it is also true at the present time. Farm land reached its highest price per acre in 1920 during the earlier boom, while city properties did not reach the peak until 1929. In the current boom the general inflation has brought about an illusion which is rather hard to detect. If consideration is given to the change in the purchasing power
(cont. on page 364)

FARM VALUES PER ACRE - JULY 1952 AND JULY 1953
(Index - 1912-1914 = 100)

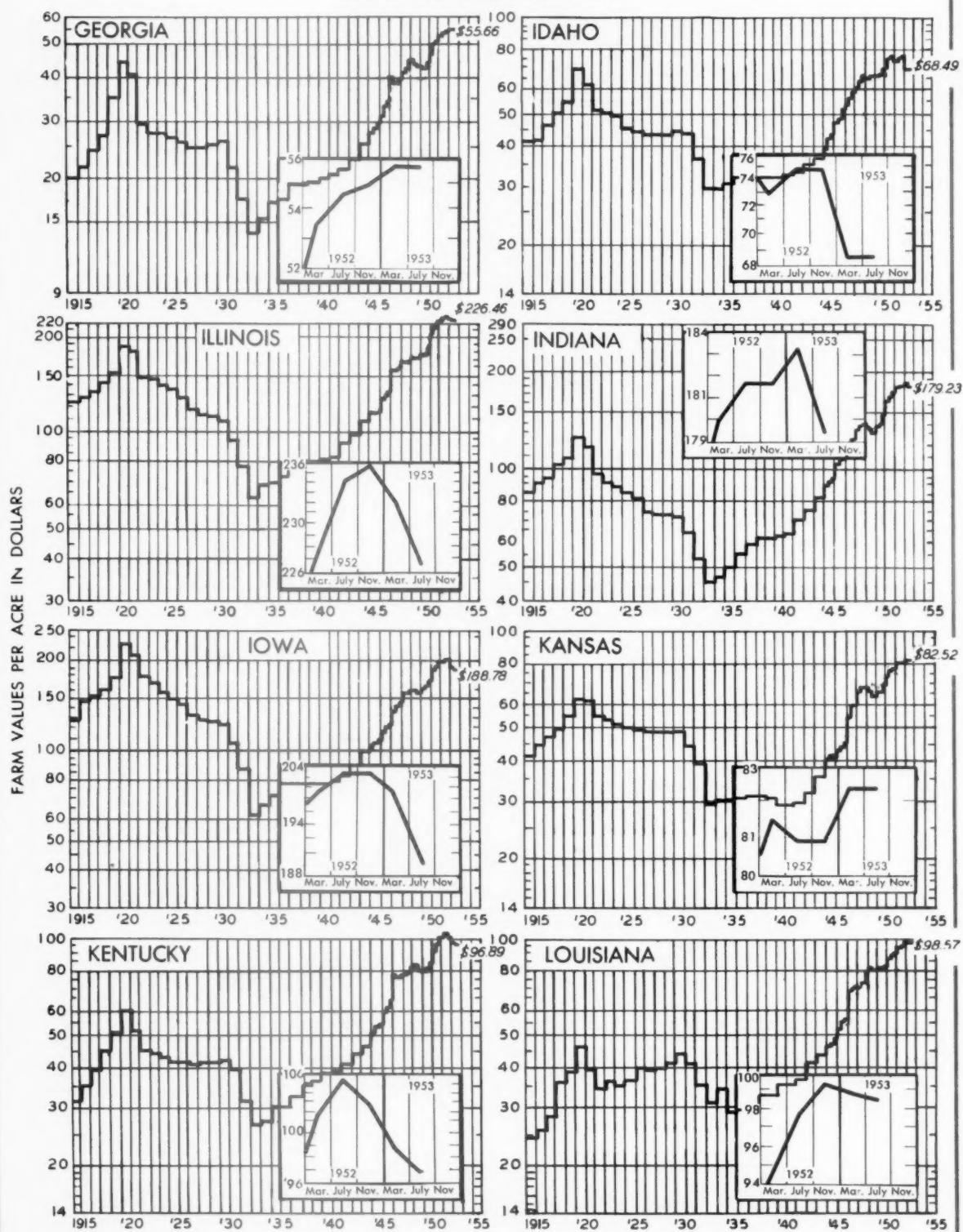
	July 1952	July 1953	% change		July 1952	July 1953	% change
Alabama	320	334	+4.4	Nebraska	170	162	-4.7
Arizona	284	275	-3.2	Nevada	143	138	-3.5
Arkansas	316	299	-5.4	New Hampshire	152	152	0
California	210	205	-2.4	New Jersey	232	236	+1.7
Colorado	172	154	-10.5	New Mexico	309	279	-9.7
Connecticut	212	212	0	New York	177	171	-3.4
Delaware	195	201	+3.1	North Carolina	435	437	+0.5
Florida	282	285	+1.1	North Dakota	141	147	+4.3
Georgia	230	235	+2.2	Ohio	230	223	-3.0
Idaho	188	172	-8.5	Oklahoma	260	247	-5.0
Illinois	212	205	-3.3	Oregon	135	129	-4.4
Indiana	230	227	-1.3	Pennsylvania	201	199	-1.0
Iowa	197	184	-6.6	Rhode Island	203	203	0
Kansas	207	211	+1.9	South Carolina	246	246	0
Kentucky	355	327	-7.9	South Dakota	126	122	-3.2
Louisiana	261	263	+0.8	Tennessee	318	313	-1.6
Maine	133	137	+3.0	Texas	252	225	-10.7
Maryland	248	256	+3.2	Utah	139	131	-5.8
Massachusetts	173	169	-2.3	Vermont	197	195	-1.0
Michigan	249	249	0	Virginia	310	314	+1.3
Minnesota	212	207	-2.4	Washington	139	132	-5.0
Mississippi	308	317	+2.9	West Virginia	169	164	-3.0
Missouri	157	153	-2.5	Wisconsin	168	164	-2.4
Montana	152	143	-5.9	Wyoming	217	205	-5.5

FARM VALUES BY STATES



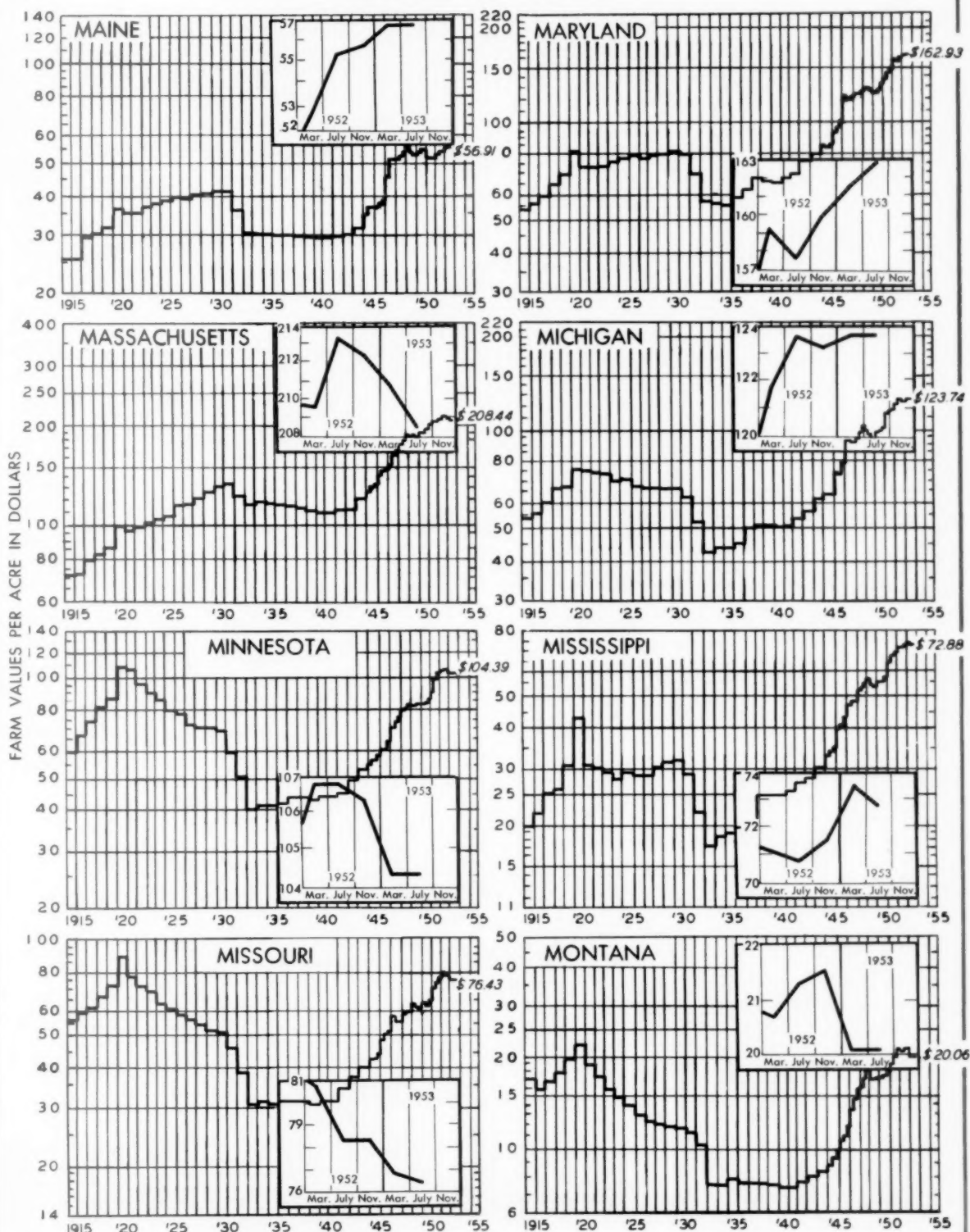
FARM VALUES BY STATES

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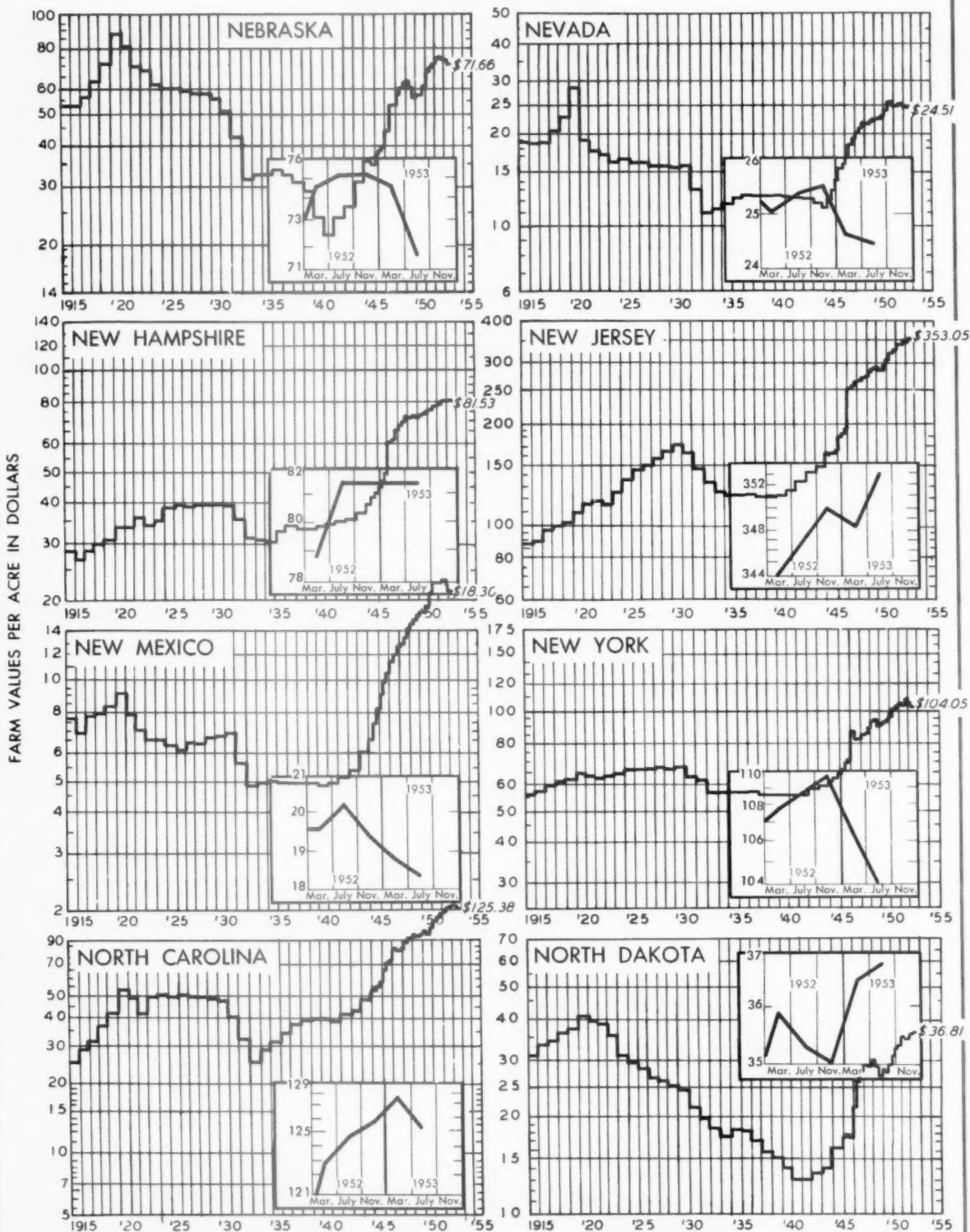
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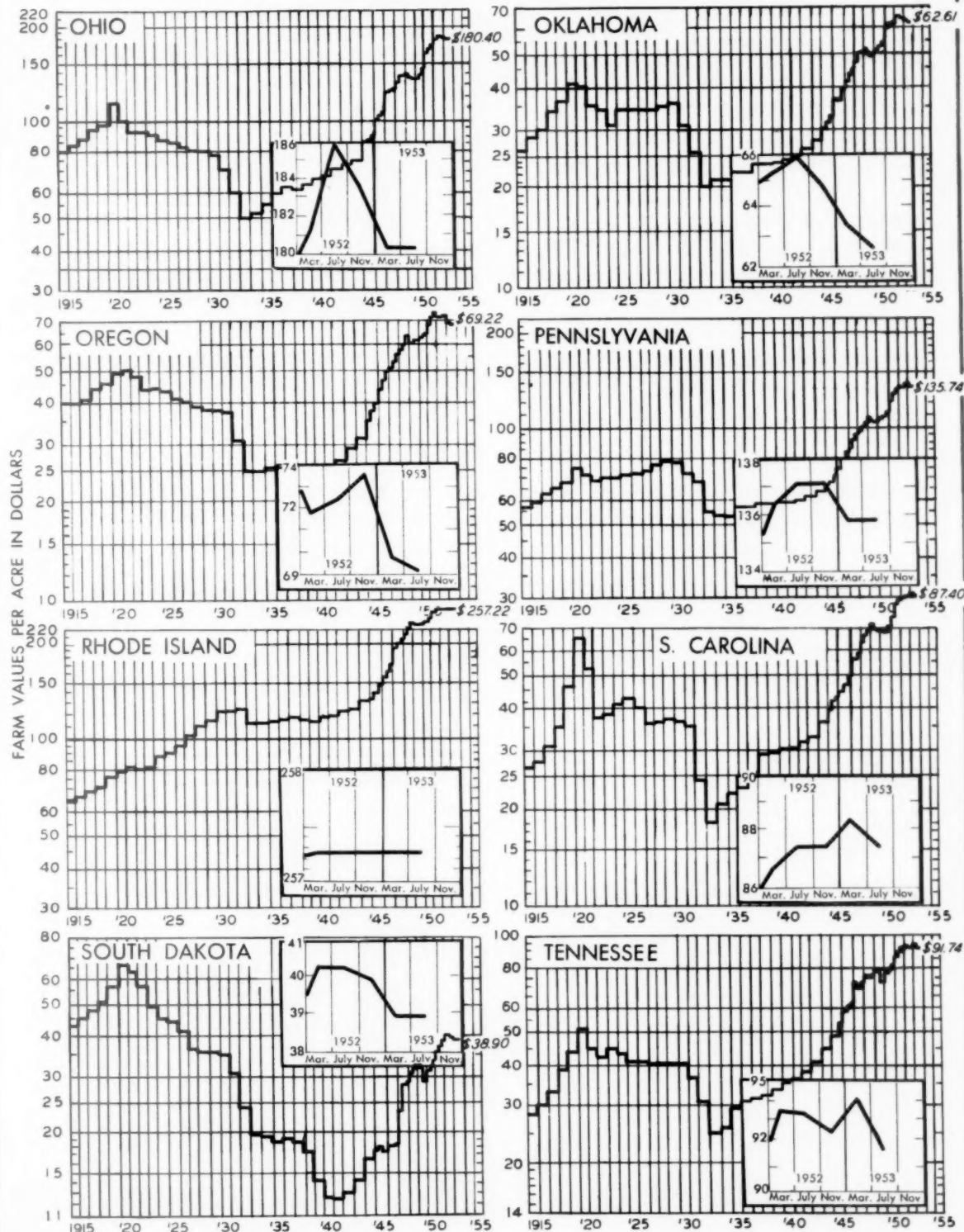
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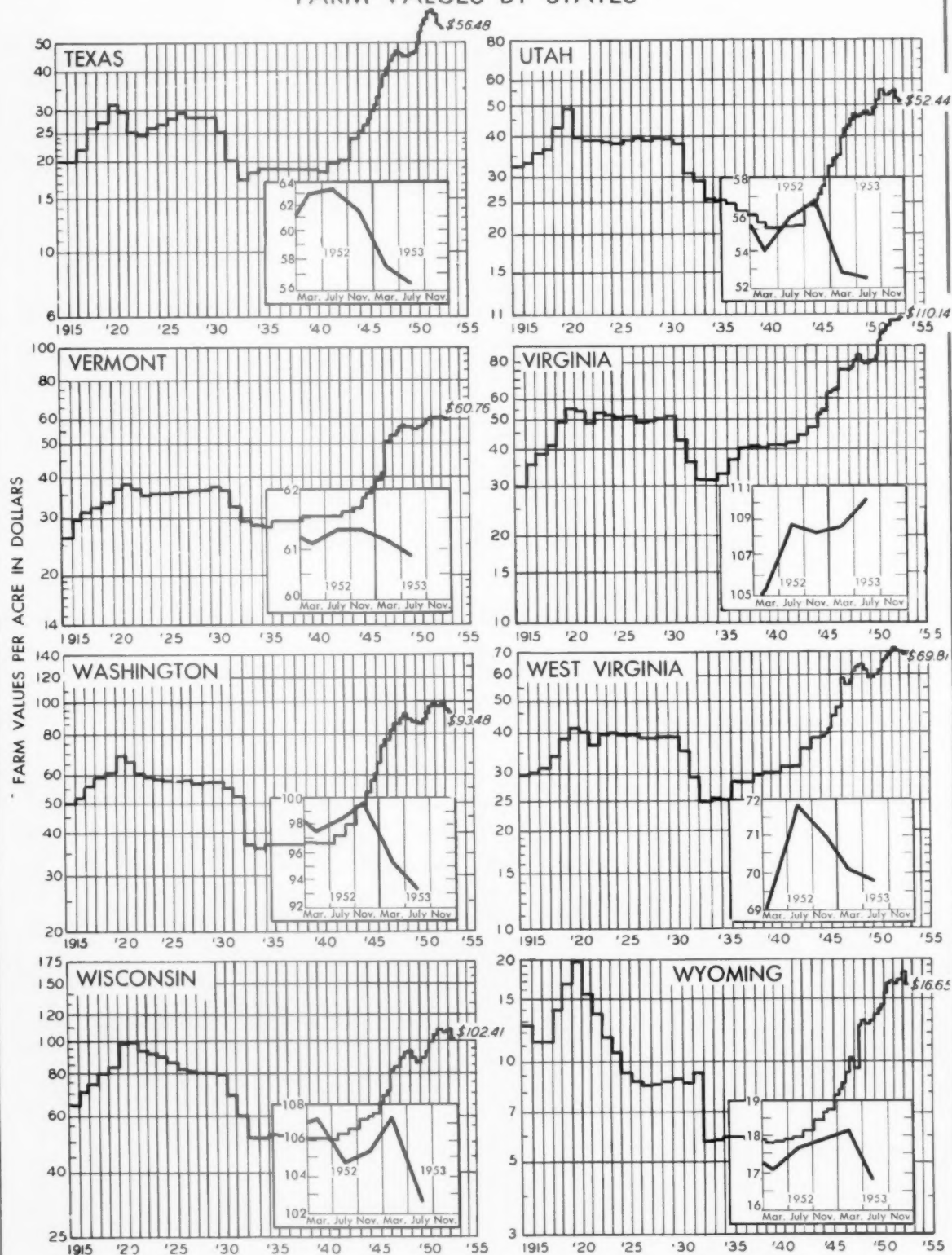


FARM VALUES BY STATES

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FARM VALUES BY STATES



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FARM REAL ESTATE ACTIVITY DOWN 41%

DURING the period between March 1952 and March 1953 the national farm real estate activity index moved down. This index is based upon the number of voluntary sales per 1,000 farms, and it fell from 37.5 (sales per 1,000 farms) to 34.3. It is, therefore, 23.4 points, or 40.6%, below the 1947 peak, when 57.7 farms out of every 1,000 voluntarily changed hands. This downward trend has been going on, with only one slight interruption, since 1947, and indications are that it will continue for several more years.

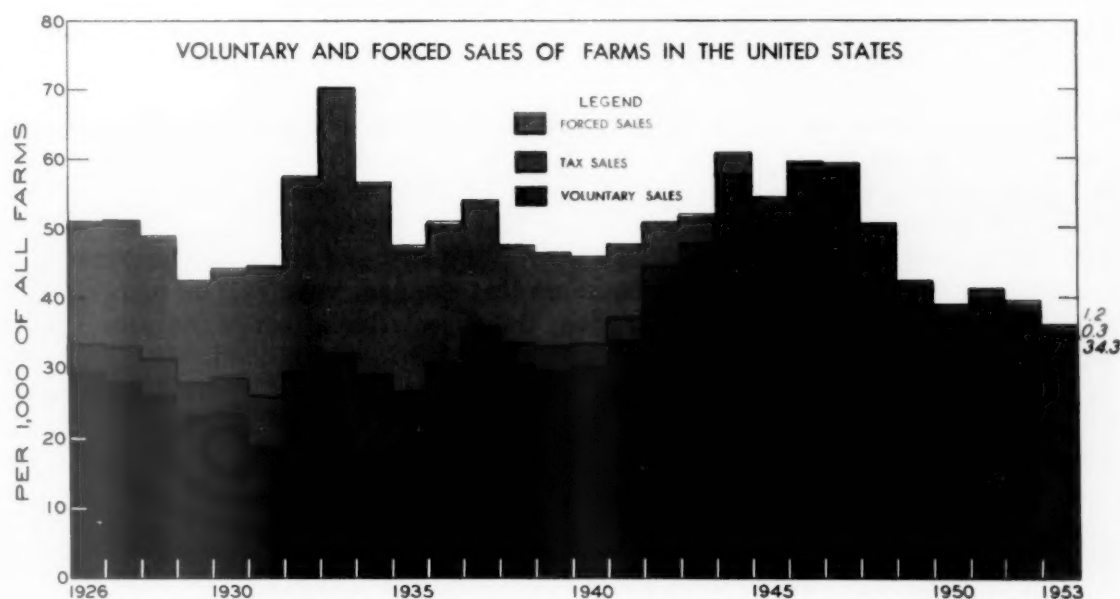
The chart below shows what activity has taken place in voluntary and forced sales of farms from 1926 through 1953 (yearly figures are all for year ending in March). Therefore, the last bar on the chart represents the activity for the March 1952-March 1953 period.

Despite the downward trend, farm real estate activity is still high. Highest activity is found in California, where 56.5 farms per 1,000 were voluntarily transferred. In second place was Arizona, with an index of 54.5. Oregon was third with 53, and Washington was fourth, with an index of 52.5.

Poorest activity was found in North Dakota, 18.5; North Carolina, 20.2; Louisiana, 20.7; and, peculiarly enough, Illinois, where only 22.0 farms per 1,000 voluntarily changed hands.

Although the drop in farm real estate activity has been 41% since the peak, the drop during the past year has been only 8.5%. This decline during March 1952-March 1953 has been fairly widespread. There were 35 States where farm activity fell below the 1952 level.

(cont. on page 364)



FARM REAL ESTATE ACTIVITY DOWN 41%

(cont. from page 363)

The biggest drops in activity for this past year were recorded in Maine, -21%; Kansas and Missouri, -19.5%; and Texas, -17.7%.

Of the 11 States that recorded increased farm real estate activity during the last year, Florida's gain of 9.9% was the greatest. Wyoming showed a gain of 9.2%, and Mississippi a gain of 9%, while Massachusetts gained 6.9%.

The drop in farm real estate activity since 1947 has struck hardest among the so-called "farm States." In North Dakota this drop has already reached 75%, and in South Dakota, 58%. Iowa dropped by 55%. Activity in Kentucky and Minnesota is 53% below its postwar peak, and Tennessee has seen a fall of 58%. Nebraska dropped by 52%.

On the other hand, there are several States that have shown little, if any, downward trend in recent years. Farm activity in Florida, Rhode Island and Connecticut is still moving up. In Vermont it is only 8% below the peak, and in Arizona it is 10% below. In New Mexico it is 13% off its peak.

FARM VALUES DECLINING IN MOST PARTS OF THE UNITED STATES

(cont. from page 356)

of money, urban real estate reached its highest point in 1946, and the increases which have occurred in selling price since that time are due entirely to the fact that the purchasing power of the dollar has been slipping.

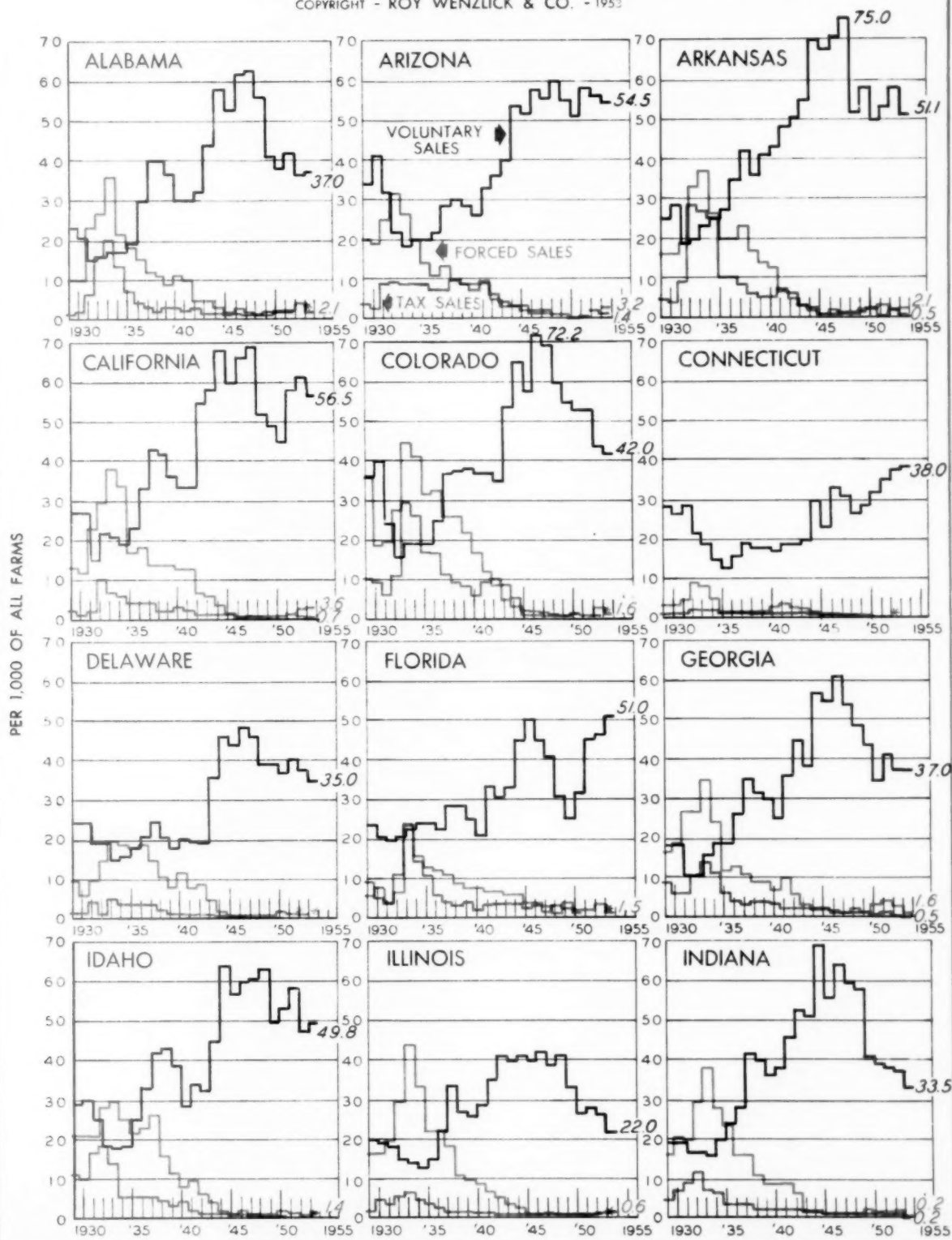
On the other hand, farm lands have advanced so strongly that they hit their highest point in terms of purchasing power in March 1952, 6 years after the peak was reached in urban properties. If a typical piece of urban real estate had been sold in 1946 and the money immediately spent on goods and services, it would have bought a considerably larger heap than the larger dollar price of the urban property would bring today.

There seems to be a general tendency for farmers to value their lands on the basis of their net return averaged over a period of about 5 years. In other words, a 5-year moving average of the return which a farmer makes will fluctuate rather closely with the average selling price per acre of his farm lands. This seems quite reasonable, as a farmer does not drop the value of his lands because of a single poor crop year (he always assumes that the next year will be better), but if year after year his crop yield is down, the cumulative effect of the poor years will bring down the amount for which he is willing to sell his land. The reverse is also true on a rising market. An unusual single year will not increase farm land prices by a large percentage, but if farmers enjoy a number of very good years in succession, the effect is to raise their idea of the value of their land.

The lower values in farm land prices in many States at the present time are due to lower farm prices during the past few years, and if these lower prices continue, farm lands will continue to sink in selling price.

VOLUNTARY AND FORCED SALES OF FARMS IN 48 STATES

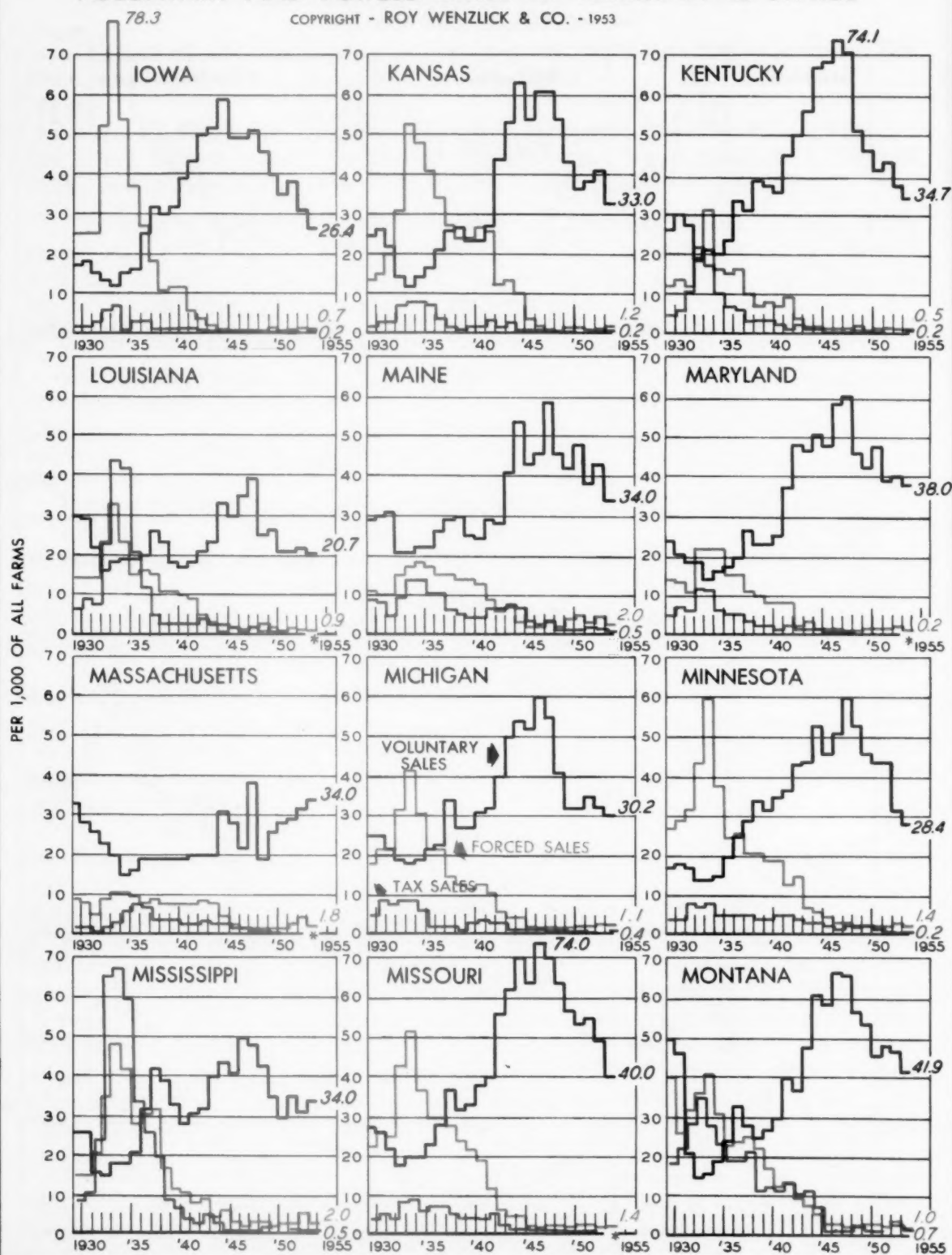
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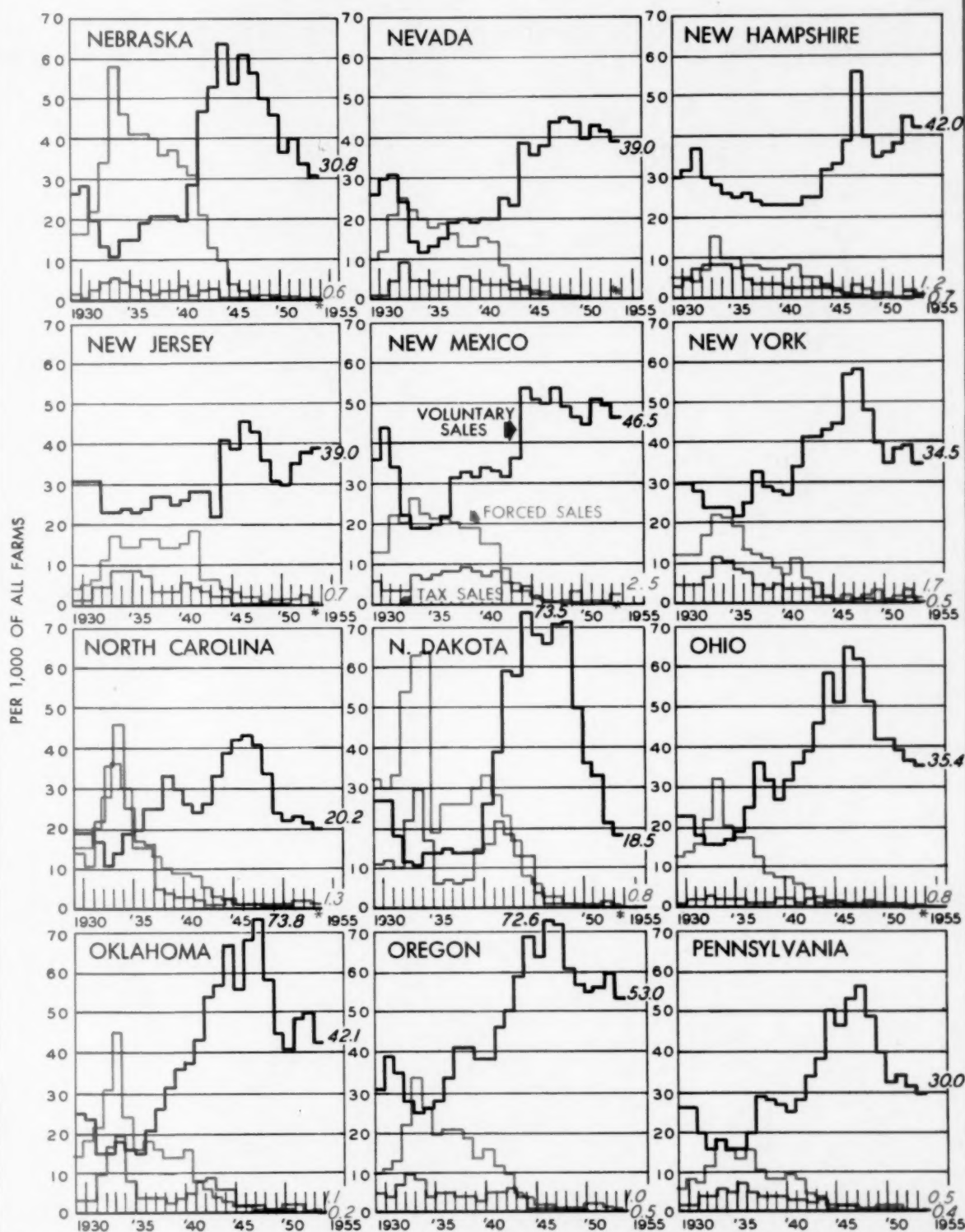
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